

## Message Text

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12

ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 SPC-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-04 PRS-01 USIA-15 ABF-01 FS-01 DRC-01 /147 W

----- 105849

R 150840Z MAR 74

FM USINT DAMASCUS

TO SECSTATE WASHDC 188

INFO AMEMBASSY BEIRUT

AMEMBASSY AMMAN

AMEMBASSY TEL AVIV

AMEMBASSY CAIRO

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EO 11652: N/A

TAGS: EFIN, ETRD, SY

SUBJECT: SYRIA ANNOUNCES FULL CONVERTIBILITY FOR SYRIAN POUNDS

REF: DAMASCUS 0201

1. SARG ANNOUNCED ON MARCH 14 NEW CURRENCY REGULATIONS TO PERMIT THE FREE AND UNRESTRICTED CONVERTIBILITY OF THE SYRIAN POUND. UNDER NEW REGULATIONS THERE WILL BE NO RESTRICTIONS ON THE ENTRY AND EXIT OF FOREIGN CURRENCIES (BANK NOTES). THE GOVERNMENT ANNOUNCEMENT NOTED THAT PREVIOUS CURRENCY REGULATIONS HAD BEEN CUMBERSOME AND INEFFECTIVE. FOR EXAMPLE, THE REGULATIONS ENABLED FOREIGN INTERESTS TO INFLUENCE MONETARY CONDITIONS IN SYRIA (AN ALLUSION TO CAPITAL FLIGHTS TO AND FROM LEBANON). MANY TRAVELLERS WERE UNINFORMED AND THUS CAUGHT IN DIFFICULT CIRCUMSTANCES. FINALLY, THE DIFFICULTIES OF TRANSFERRING MONEY DISCOURAGED TRADE AND FOREIGN INVESTMENT. NEWSPAPER ACCOUNTS NOTED, IN ADDITION, THIS ACTION ENABLES SYRIA TO PLAY A MORE

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ACTIVE ROLE IN INTERNATIONAL FINANCIAL CIRCLES.

2. THE CURRENT EXCHANGE RATE IS 3.70 SYRIAN POUNDS  
(S.L.) TO THE DOLLAR (SELLING) AND 3.75 S.L. (BUYING).  
FYI, THE EXCHANGE RATE OVER THE PAST YEAR HAS STEADILY  
IMPROVED:

JANUARY 1, 1973 - 4.30/4.32

MARCH 15, 1973 - 4.00/4.05

JULY 1, 1973 - 3.80/3.87

JANUARY 1, 1974 - 3.75/3.80

MARCH 15, 1974 - 3.70/3.75

3. COMMENT: THIS ACTION CONFIRMS RUMORS WHICH WERE  
CIRCULATING IN DAMASCUS PRIOR TO PRESIDENT ASAD'S  
REVOLUTION DAY SPEECH (REPORTED REFTEL) THAT SARG  
INTENDED TO TAKE NEW MEASURES TO LIBERALIZE THE ECONOMY.  
IT IS OBVIOUSLY A DIRECT ATTEMPT TO ATTRACT MORE  
FOREIGN CAPITAL AND REFLECTS THE STRENGTHENED POSITION  
OF THE SYRIAN POUND--UP ALMOST 14 PERCENT IN LITTLE  
OVER ONE YEAR. IT ALSO REPRESENTS A CERTAIN CALCULATED  
RISK IN THAT THERE MAY BE AN INITIAL OUTFLOW OF CAPITAL  
TO LEBANON AS SYRIANS TAKE ADVANTAGE OF FREE EXCHANGE  
TO MOVE PERSONAL FUNDS TO WHAT HAS TRADITIONALLY BEEN  
A MORE STABLE ECONOMY. THE GOVERNMENT IS MOST CERTAINLY  
AWARE THAT THIS IS LIKELY TO OCCUR IN THE SHORTRUN.  
IT APPARENTLY CALCULATES, HOWEVER, THAT GIVEN CONTINUED STRENGTHENING  
OF THE SYRIAN ECONOMY, THIS CAPITAL AS WELL AS OTHER  
FOREIGN CAPITAL WILL BEGIN TO RETURN TO SYRIA AS THE  
ASAD REGIME CONTINUES ITS STEADY BUT CAUTIOUS MOVE TOWARDS  
LIBERALIZATION.  
SCOTES

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENTS, ECONOMIC CONTROLS, CURRENCY CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974DAMASC00230  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** DAMASCUS  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Line Count:** 96  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** DAMASCUS 0201  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13-Aug-2002 by kelleyw0>; APPROVED <14-Aug-2002 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SYRIA ANNOUNCES FULL CONVERTIBILITY FOR SYRIAN POUNDS  
**TAGS:** EFIN, ETRD, SY  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005